

**ROSWELL PARK CANCER INSTITUTE CORPORATION
FINANCE COMMITTEE MEETING**

A meeting of the Finance Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held Wednesday, March 19, 2025 at 8:30 a.m. in the Patrick Lee Conference Room, 9th Floor of the Scott Bieler Clinical Science Center.

Present: Buford Sears (video conference)
Lisa Damiani
Lee Wortham
Elyse NeMoyer (video conference)
Linda Dobmeier (video conference)
Candace S. Johnson, President and CEO

Excused: Leecia Eve

Staff: Betsy Doty-Lampson, Administrator to Board of Directors
Mike Wong, M.D., Physician-in-Chief
Ryan Grady, Chief Financial Officer
Julia Faller, M.D., Chief Medical Officer
Michael B. Sexton, Esq., Senior Vice President and Chief Legal Officer, and Secretary
Andrew Storer, Ph.D, Senior Vice President and Chief Nursing Officer
David Tear, Senior Vice President and Chief of Hospital and Network Operations
Buddy Hickman, Chief Digital and Information Officer
Craig Hendler, M.D., Vice Chair, Diagnostic Imaging
Sai Yendamuri, M.D., Senior Vice President, Business Development and Outreach and Chief of Strategy
Todd Maier, Vice President, Finance
James Kennedy, Vice President, Government Affairs
Kathryn Hineman, Esq., Vice President and General Counsel

I. Opening / Minutes

Mr. Sears opened the meeting at 8:30 a.m. and asked for a review of the Minutes of the Finance Committee meeting held on December 11, 2024. After review, *a motion was made for approval of those Minutes by Ms. NeMoyer, which was seconded by Ms. Dobmeier, and unanimously approved.*

II. Contracts/Capital Expenditure Projects

a. Environmental Services Management (Sodexo)

On behalf of Facilities Management, Mr. Sexton presented a request for approval of additional expenditures under Roswell Park's Services Agreement with Sodexo Management, Inc. ("Sodexo"). Sodexo provides management staff and temporary staffing to support Roswell Park's Environmental Services and Patient Transport services under a 2022 Services Agreement. The Agreement was originally awarded pursuant to an RFP and valued at \$9,166,318 over the six (6) year term. The request in front of the Committee is to add \$3,211,255 in temporary staffing costs and [REDACTED]

[REDACTED] The additional staffing costs have resulted in part from higher than anticipated vacancy rates. The salary enhancements are intended to retain two senior managers who are potential successors to the current manager and have been with the organization for 10 and 15 years, respectively. Mr. Sexton noted that some of the additional costs were actually costs that were on the original contract that were inadvertently omitted when the Agreement was originally submitted for Committee and Board approval in 2022. This error was not caught until a lookback was performed last year.

Ms. Damiani inquired as to why Roswell Park provides environmental services to the Kevin Guest house. Mr. Sexton advised that this started during the COVID pandemic and has continued since then. The Kevin Guest house has ongoing financial challenges so Roswell Park has continued to provide the service for the time being in light of the valuable service Kevin Guest House provides to Roswell Park and the community.

A motion for approval of \$3.9M in additional expenditure under the Sodexo Agreement was made by Mr. Wortham, seconded by Ms. Dobmeier, and unanimously approved.

b. Roof Replacement

On behalf of Facilities Management, Mr. Sexton presented a request for approval of a roof replacement project totaling \$2.17M for roof replacements in the Administrative Services Building ("ASB"), the 7 North building, and the Cancer Cell Center. Mr. Sexton advised that the roofs on the ASB and 7 North are 32 years old, and the two roofs on the Cancer Cell Center are 24 years old, and that all are out of warranty. Mr. Sexton advised that an RFP was conducted, and that while seven (7) companies attended the pre-bid meeting, only one company (Titan) submitted a bid due to staffing shortages in the roofing industry. Mr. Sexton advised that Titan has a good reputation, and that the Purchasing and Facilities Management Departments are comfortable with Titan's bid.

A motion for approval of the \$2.17M roof replacement project was made by Mr. Wortham, seconded by Ms. Damiani, and unanimously approved.

c. Insurance Renewal

Mr. Sexton presented a request for approval of the Corporation's insurance renewals for the April 1, 2025 to March 31, 2026 coverage period. The coverages renewing are:

Property, Excess General and Professional Liability, Directors and Officers/Employment Practices, Commercial Auto, Excess Workers Compensation, Cyber Liability, Peace Officer General and Excess Liability, Kidnap and Ransom, International Travel Coverage, and Special Events. Mr. Sexton advised that based on market conditions Roswell Park was expecting premium increases in the 6-15% range, but that Roswell Park's broker (Gallagher) did an excellent job aggressively marketing the insurance program and was able to cap premium increases at 1.8% overall, for an increase of approximately \$62,733 from last year. Mr. Sexton noted that this is a very positive result given the current state of the insurance market. He advised that the only substantive change in the coverage is that the deductible for water damage has increased from \$100k to \$250k, which the broker advised has become standard in the industry. Mr. Sexton also noted that Roswell Park is exploring establishing a captive insurance company for its various liability coverages because the cost of the excess coverage insurance is getting to be unsustainable.

A motion for approval of the 2025-2026 insurance coverage renewals was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

d. Data Center

On behalf of the Information Technology Management, Mr. Hickman presented a request for approval of a three-year extension of Roswell Park's Data Center Service Agreement with [REDACTED] at a cost of \$1.37M. Mr. Hickman advised that Roswell Park has utilized [REDACTED] since 2019 as a secondary disaster recovery center while the 901 Washington on-campus data center has been Roswell Park's primary site.

[REDACTED] As a result of that due diligence, management has determined that the most operationally and financially advantageous option at this time is to position [REDACTED] as Roswell Park's primary data center. The current [REDACTED] contract resulted from a 2018 RFP. Management is seeking approval to exercise the final three-year renewal option permitted under the RFP, with increased spend to support the conversion of the [REDACTED] site to Roswell Park's primary data center.

A motion for approval of the three-year renewal of the [REDACTED] Agreement at a cost of \$1.37M was made by Ms. Dobmeier, seconded by Ms. NeMoyer, and unanimously approved.

e. PACS (Visage Imaging)

On behalf of the Departments of Information Technology Management and Diagnostic Imaging, Mr. Hickman presented a request for approval of a contract award to Visage Imaging for a new Picture Archival Communication System (PACS) system at a total cost of \$7.81M (\$740k capital and \$1M average operating per year) over 7 years. The new PACS system will store high resolution digital images and studies from numerous modalities, including X-ray, CT, MRI, pet scan, and ultrasound. Mr. Hickman advised that Roswell Park's current PACS system is over twenty (20) years old and the system vendor

is under its fourth owner since Roswell Park implemented the system. Dr. Hendler discussed the need to upgrade the PACS to a modernized cloud-based system with improved performance and workflow. The new system will improve image retrieval times, enhance workflow automation, and allow for seamless integration with the current and future EHR systems.

Ms. Damiani inquired about the timeline for implementation. Mr. Hickman advised that there would be a contract negotiation period, followed by a six (6) month implementation.

A motion for approval of a \$7.81M contract award to Visage Imaging was made by Ms. Damiani, seconded by Mr. Wortham, and unanimously approved.

f. Gamma Knife (Elekta)

On behalf of the Department of Radiation Medicine, Mr. Tear presented a request for approval of Gamma Knife upgrade project including a sole source contract award to Elekta, Inc. for Gamma Knife upgrade and radioactive source renewal and related maintenance services. The total project cost is \$4.8M (\$2.3M equipment, \$1.6M service agreement, and \$900k construction costs). Mr. Tear advised that Roswell Park's Gamma Knife is reaching its half-life, necessitating the replacement of the radioactive source and related equipment. He clarified that the construction costs are for the dismantling of the equipment to access the knife itself, and that renovation of the physical space is not necessary. He further clarified that the project is planned for 2026 to coincide with the half-life of the current Gamma Knife.

A motion for approval of the Gamma Knife replacement project was made by Ms. Dobmeier, seconded by Ms. NeMoyer, and unanimously approved.

g. MRI (GE Precision HealthCare)

On behalf of the Department of Diagnostic Imaging, Mr. Tear presented a request for approval of an MRI upgrade project, including a single source contract award to GE Precision HealthCare ("GE") for the purchase and upgrade of a new GE 3T MRI scanner. The total cost of the project is \$3.7M (\$2.4M in equipment, \$862K in post-warranty service, and \$441k in construction costs). Funding will be provided by the Diagnostic Imaging capital budget in the amount of \$2.84M and by the IT budget in the amount of \$862k. Mr. Tear advised that unlike a full MRI replacement, this project includes the replacement of only the MRI machine itself while the current magnet is preserved, resulting in cost savings as well as reduced machine downtime.

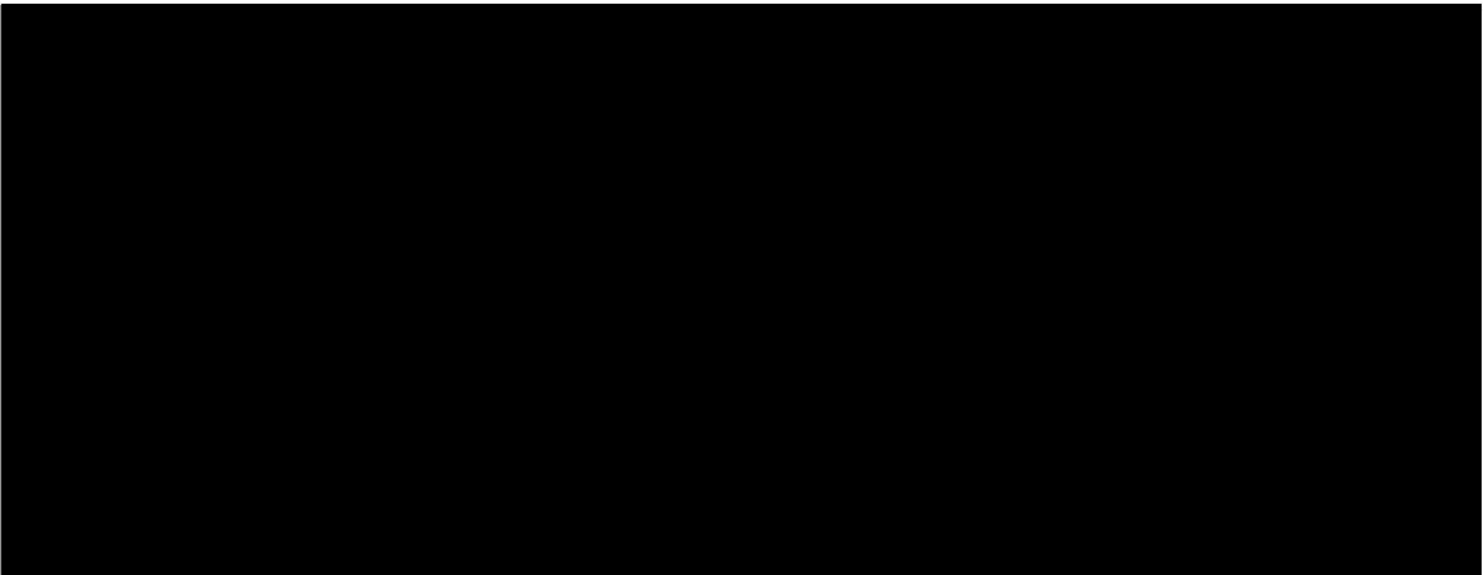
A motion for approval of the MRI upgrade project was made by Ms. Nemoyer, seconded by Ms. Dobmeier, and unanimously approved.

h. Radiopharmaceuticals (CRS Nuclear)

On behalf of the Department of Diagnostic Imaging, Mr. Tear presented a request for approval of a single source contract renewal with CRS Nuclear Services to provide

radioisotopes for a period of five (5) years at a total cost of \$4.65M. Mr. Tear advised that Roswell Park had an ownership interest in CRS Nuclear Services many years ago but no longer does.

A motion for approval of the CRS Nuclear five-year renewal was made by Mr. Wortham, seconded by Ms. Dobmeier, and unanimously approved.



[REDACTED] total spend with Buffalo Transportation was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved.

j. Tenacio Pumps (Boston Scientific)

Mr. Tear presented a request for approval of a sole source contract award to Boston Scientific for the purchase of penile pumps at a cost of \$2.8M over five (5) years. Mr. Tear advised that these pumps are the most advanced in the field and reduce the risk of patients returning to surgery due to air block or infection. Mr. Tear further advised that Roswell Park performs approximately twenty-five (25) cases annually with significant margin per case.

A motion for approval of a sole source contract award to Boston Scientific with a total anticipated spend of \$2.8M over five years was made by Ms. Damiani, seconded by Mr. Sears, and unanimously approved.

k. Information Only Items

Mr. Sears made note of the information only sole source procurement contract in the Committee materials (PulmonX Zephyr Valves) and there were no questions on that item.

Upon a motion made by Mr. Wortham, seconded by Ms. Damiani, and unanimously approved, the Committee moved into executive session for a status report on the Corporation's debt issuance project, reports on government relations, reimbursement contract negotiations, revenue cycle project status report, the Health Research, Inc.

transition project, and budget considerations, which was seconded by Ms. Damiani and unanimously approved.

EXECUTIVE SESSION

III. Government Relations Update

Mr. Kennedy presented a government relations update focused on the status of the proposed 15% indirect cost rate cap, site neutrality proposals, and Executive Order 14173 (Ending Illegal Discrimination and Restoring Merit-Based Opportunity). Mr. Kennedy and Dr. Johnson provided updates to the Committee on minor changes to Roswell Park's CCSG grant that were requested by the National Cancer Institute in response to recent Executive Orders.

IV. Debt Project Update

Mr. Grady presented an update on the debt issuance project, noting that the draft Appendix A and rating agency presentations are included in the Board materials. Mr. Grady advised that rating agency presentations are scheduled to take place over the next several weeks. Mr. Grady further advised that Roswell Park is working on the plan of finance at approximately \$131M, and that if Roswell Park decides to add its current line of credit that would add \$50M. to the total. The plan is to issue in the early to mid-July timeframe.

V. Managed Care Update.

Mr. Grady advised the recruitment process is underway for the position of Vice President, Payor Relations and that Sara Randolph has been named Interim Vice President. Mr. Grady provided an update on the status of various payor contract negotiations, and advised that Roswell Park has finalized and executed its renewal with HighMark.

VI. Revenue Cycle Project Update.

Mr. Grady presented an update on the Revenue Cycle system replacement project, noting that the new system went live on September 1st and teams are still working through backlogs in claims and billing. Mr. Grady advised that since go live the volume of claims production has increased month to month, and that between now and the end of June the focus will be on improving the billed vs unbilled ratio. Mr. Grady advised that scheduling and patient experience is stable. Mr. Grady noted that Internal Audit has been very engaged on the project and will be reporting on the project in the next few weeks. Mr. Grady further advised that Roswell Park's payors have agreed adjust timely filing limits while Roswell Park works through its claims issues. The project is still tracking to be favorable to the project budget by approximately \$700k.

VII. Health Research, Inc. (HRI) Discussion.

Mr. Grady presented on the plan to separate from HRI and establish a new Roswell Park-affiliated grant administration entity to exclusively support Roswell Park research. He advised that Roswell Park has hired a permanent Vice President for Research Administration, Gina Sandusky. Mr. Grady reported that we have had several discussions regarding the legislation that is necessary in order for the new entity to participate in the New York State and Local Retirement System. Roswell Park is finalizing an SOW with Huron to implement Roswell Park's Workday grants management application.

Ms. Damiani asked whether there is any possibility of getting the legislation into the 2026 budget bill. Mr. Kennedy advised that he does not believe it will make it into the budget.

VIII. FY 2025 Q3 Performance

Mr. Grady presented on third quarter financial performance, noting the impact of Q3 clinical volume and revenue being behind plan, contributing to a negative operating EBIDA margin for the quarter.

IX. FY 2026 Budget

Mr. Grady presented the proposed fiscal year 2025-2026 budget. He highlighted the fact that changes coming out of the new administration, payor dynamics, recruitment/retention, reduced drug reimbursement, and physical capacity limitations are all contributing to budget challenges. He presented several financial improvement initiatives that management intends to implement to address budget shortfalls for fiscal year 2026 and advised that management will present a more specific plan to the Finance Committee and Board of Directors in June.

Upon a motion made by Mr. Wortham, seconded by Ms. Damiani, and unanimously approved, the Committee returned to open session.

OPEN SESSION

Mr. Sears noted that the Committee had a sobering discussion in Executive Session regarding the financial challenges the organization is facing, many of which are industry wide issues, and the steps management is planning to maintain fiscal stability.

X. FY 2026 Budget Approval

Mr. Sears noted that the proposed budget was reviewed in detail in Executive Session.

A motion for approval of the proposed fiscal year 2025-2026 budget was made by Ms. Damiani, seconded by Mr. Wortham, and unanimously approved.

XI. HRI Funding Resolution

Mr. Sears requested a motion to approve the HRI funding resolution for fiscal year 2026 in the amount of \$8.6M.

A motion to approve the HRI Funding Resolution was made by Ms. Damiani, seconded by Ms. NeMoyer, and unanimously approved.

XII. Section 203 Budget Submission

Mr. Sears noted that the Section 203 budget submitted as a best estimate for calendar year 2025 needs to be trued up to the fiscal year 2025-2026 Budget that was just approved.

A motion to approve the revised Section 203 budget submission was made by Ms. Damiani, seconded by Mr. Sears, and unanimously approved.

XIII. 3rd Quarter Combined Financials.

Mr. Sears noted that third quarter financials were reviewed in Executive Session.

Mr. Wortham made a motion to approve the third quarter combined financials, which was seconded by Ms. NeMoyer and unanimously approved.

XIV. 3rd Quarter Investment Report.

Mr. Wortham made a motion to approve the 3rd quarter investment activity report, which was seconded by Mr. Sears and unanimously approved.

There being no further business., a motion to adjourn was made by Mr. Wortham, seconded by Ms. NeMoyer, and unanimously approved. The meeting adjourned at 10:37 a.m.


Michael B. Sexton, Secretary